

ASSET PURCHASE AND PROCESSING AGREEMENT

THIS ASSET PURCHASE AND PROCESSING AGREEMENT (this "Agreement") is dated as of July 29, 2009, by and between the Bankruptcy Estate of Chemetco, Inc., 3574 Chemetco Lane, Hartford, IL 62048 ("Seller"), and Industrial Asset Disposition, LLC, a California limited liability company.

BACKGROUND

On November 13, 2001, Chemetco, Inc., an Illinois corporation, filed a Voluntary Petition under Chapter 7 of the United States Bankruptcy Code. The Bankruptcy Court of Southern District of Illinois ("Bankruptcy Court") has appointed Laura K. Grandy as Trustee ("Trustee") of the bankruptcy estate. Prior to filing for bankruptcy, Chemetco, Inc. engaged in the ownership and operation of a copper processing plant located in Hartford, Illinois. Pursuant to Section 363 of the Bankruptcy Code, 11 U.S.C. Section 363, the Trustee has determined it is in the best interest of the bankruptcy estate to offer for sale certain assets related to the copper processing plant and the Buyer desires to purchase said assets pursuant to the terms and conditions herein contained.

As used in this Agreement, the terms set forth in Exhibit A shall have the meanings ascribed to them in that Exhibit unless the context otherwise requires.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES AND MUTUAL REPRESENTATIONS, WARRANTIES, COVENANTS, AND AGREEMENTS HEREIN CONTAINED, THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, AGREE AS FOLLOWS:

SECTION 1. PURCHASE AND SALE OF ASSETS

1.1 Purchased Assets.

(a) Subject to the terms and conditions hereof Seller shall assign, sell and transfer, to Buyer, and Buyer shall purchase, all of Seller's right, title and interest in, those assets set forth below:

i. miscellaneous stainless steel, iron and other metal bearing materials located on the Smelter Site, including the metal contained in or comprising part of the buildings on the Smelter Site, to the extent not already sold by Seller ("Scrap Assets"); and

ii. the real property commonly known as 3574 Chemetco Lane, Hartford, IL, comprised of *approximately 41.1 acres*, and the real property adjacent thereto lying west of Old Alton Road, comprised of approximately 162.79 acres together with all buildings, facilities and other improvements thereon and all easements, privileges and all appurtenances pertaining thereto, legally described on the attached Schedule 1.1 (collectively, the "Smelter Site"); and

iii. the real property lying east of Old Alton Road and both north and south of New Poag Road, comprised of approximately 143.76 acres, together with all buildings, facilities and other improvements thereon and all easements, privileges and all appurtenances pertaining thereto, legally described on the attached Schedule 1.1 ("NPR Property").

(b) All of the assets to be sold, assigned and transferred hereunder by Seller to Buyer as more fully described in Section 1.1(a) above, are hereinafter called the "Assets."

1.2 Assets Excluded from Purchase. The Excluded Assets are not included in the sale to Buyer and are specifically excluded from the terms of this Agreement. Notwithstanding anything herein to the contrary, Seller retains the right to access the Smelter Site following the Smelter Transfer Date and the NPR Property following the NPR Transfer Date upon reasonable notice to Buyer to retrieve the Excluded Assets and finalize the administration of the Seller's bankruptcy estate.

1.3 Rights of Tenant Farmer. The parties hereto acknowledge that Seller shall have the right to contract, in writing or otherwise, with a tenant farmer for purposes of farming all or any part of the Smelter Site and NPR Property so long as Seller has legal title to the Smelter Site and NPR Property.

(a) Any such tenant farmer shall be permitted to continue farming the Smelter Site through the end of the crop year containing the Smelter Transfer Date. Seller shall be entitled to all proceeds from the sale of crops by a tenant farmer during the crop year containing the Smelter Transfer Date and all years prior thereto.

(b) Any such tenant farmer shall be permitted to continue farming the NPR Property through the end of the crop year containing the NPR Transfer Date. Seller shall be entitled to all proceeds from the sale of crops by a tenant farmer during the crop year containing the NPR Transfer Date and all years prior thereto.

SECTION 2.

PURCHASE PRICE AND PAYMENT; ASSUMED LIABILITIES

2.1 Deposit; Financial Information.

(a) As of the date hereof, Buyer has paid to Seller the sum of \$100,000.00. Buyer shall within ninety (90) days of the Court Approval (unless such time period is extended by the Trustee) pay to Seller an additional sum of \$400,000.00 (which amount together with the \$100,000.00 already paid shall be the "Deposit") to be held by Seller in an interest bearing account for the benefit of Seller which amount shall be applied to the Smelter Purchase Price.

(b) Buyer shall provide Seller with written evidence that demonstrates Buyer has the necessary financial ability to close the contemplated transaction and provide adequate assurance of future performance under this Agreement, such information should include, without limitation, the

following: (i) Buyer's current financial statements (audited, if any); (ii) contact names and numbers for verification of financing sources; (iii) evidence of internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; and (iv) any such other form of financial disclosure or credit-quality support information or enhancement acceptable to Seller, in Seller's discretion, demonstrating Buyer has the ability to close the contemplated transaction ("Financial Information"). Seller, in Seller's sole and absolute discretion shall determine whether the Financial Information adequately demonstrates Buyer's financial ability to close the contemplated transaction and assures Buyer's future performance under this Agreement.

2.2 Purchase Price. The purchase price for the Assets shall be as follows:

(a) *Scrap Assets.* The purchase price for the Scrap Assets shall equal eighty percent (80%) of the Scrap Revenue ("Scrap Purchase Price") and shall be paid in accordance with Section 3 below.

(b) *Smelter Site.* The purchase price for the Smelter Site shall equal Seven Million Dollars (\$7,000,000.00) ("Smelter Purchase Price") and shall be paid from the Processing Revenue in accordance with Sections 4.4(a)(iii) and (iv) below.

(c) *NPR Property.* The purchase price for the NPR Property shall equal Five Million Thirty One Thousand Six Hundred Dollars (\$5,031,600.00) ("NPR Purchase Price") and shall be paid from the Processing Revenue in accordance with Section 4.4(b)(iii) below.

2.3 Excluded Liabilities. **EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, BUYER SHALL NOT, BY VIRTUE OF BUYER'S PURCHASE OF THE ASSETS OR OTHERWISE, DIRECTLY OR INDIRECTLY ASSUME OR BE RESPONSIBLE FOR ANY LIABILITIES OR OBLIGATIONS OF SELLER, OR ANY OF SELLER'S RESPECTIVE AFFILIATES OR PREDECESSORS OF ANY NATURE WHATSOEVER (THE "EXCLUDED LIABILITIES") WHETHER LIQUIDATED OR UNLIQUIDATED, KNOWN OR UNKNOWN, ACTUAL OR INCHOATE, ACCRUED, CONTINGENT OR OTHERWISE, AND WHETHER ARISING FROM FACTS EXISTING OR EVENTS OCCURRING PRIOR TO, ON OR AFTER THE DATE OF THIS AGREEMENT.**

2.4 Compliance with Internal Revenue Code Section 1060. Seller shall provide to Buyer and Buyer shall provide to Seller all information for Part I of U.S. Treasury Department Form 8594 which will enable Buyer and Seller to make, in a timely manner, all filings (including supplemental filings) deemed appropriate by either Seller or Buyer pursuant to Section 1060 of the Code. All information provided by Seller and Buyer in compliance with this Section 2.3 shall be complete and accurate in all respects. Seller shall provide to Buyer and Buyer shall provide to Seller any filing made by such party pursuant to Section 1060 of the Code within ten (10) days of such filing. Seller or Buyer, upon written request of the other (made upon advice of counsel for the requesting party), shall, within twenty (20) days of the making of such request, file an initial filing (or a supplemental filing) on U.S. Treasury Department Form 8594 pursuant to the requirements of Section 1060 of the Code.

2.5 Title to Assets. Subject to terms and conditions herein contained, Seller shall transfer the Assets to Buyer, free and clear of any right, or interest, that subsists in a third-party and that constitutes a claim, lien, charge or liability attached to and binding upon any Asset being transferred, including, but not limited to, a mortgage, judgment lien, mechanic's lien, lease, or security interest pursuant to 11 U.S.C. § 363 (f).

SECTION 3 REMOVAL AND SALE OF SCRAP ASSETS

3.1 Within thirty (30) days of Court Approval and approval of all applicable Regulatory Agencies, Buyer shall begin to demolish and market the Scrap Assets, including by-products from the demolition of the buildings, including steel I beams, copper wire, old breakers, transformers and motors; provided, however, the motors and equipment necessary to operate and maintain the water systems on the Smelter Site shall not be removed or sold without the Seller's express written approval; provided further, until such time as Seller has granted said approval Buyer shall maintain the operational status of the motors and equipment necessary to operate and maintain the water systems. Seller shall approve all sales of Scrap Assets. Notwithstanding the foregoing, the structure supporting the Furnaces shall be kept in place until the Furnaces have been removed unless Seller otherwise authorizes the removal of the supporting structure. Following removal of the Furnaces or as otherwise authorized by the Seller, the structure supporting the Furnaces shall be torn down and sold in accordance with above.

3.2 Any additional funds required to satisfy any Regulatory Agency shall be the responsibility of Buyer.

3.3 The Scrap Revenue shall be distributed by the Seller as follows: (a) 20% to Buyer; and (b) 80% to Seller.

3.4 All demolition and sale of Scrap Assets shall be completed within 120 days of Court Approval unless mutually extended by the parties hereto.

SECTION 4. PROCESSING AND SALE OF SCRUBBER SLUDGE AND SLAG

4.1 Although not being purchased by Buyer hereunder, Seller hereby grants to Buyer the exclusive right to process and/or sell the Scrubber Sludge and Slag pursuant to the terms herein and subject to the final approval of the Seller.

4.2 Buyer shall be responsible for the construction and installation of a facility to process the Slag and Scrubber Sludge on the Smelter Site ("Processing Facility") for purposes of recovering copper, zinc, lead, tin, nickel and other materials ("Recovered Materials") from the Slag and Scrubber Sludge.

(a) The Processing Facility shall be built and the Slag and Scrubber Sludge shall be processed in accordance with all Regulatory Agency guidelines, the Work Plans, and the covenants

of Buyer and Seller herein contained, including without limitation the provisions of Section 4.6 below.

(b) Buyer shall bear all costs of construction, labor, equipment, marketing, and logistics of the construction of the Processing Facility, the sale of Recovered Materials, the sale of unprocessed Slag and Scrubber Sludge, the development of the Work Plans and any compliance with any Regulatory Agency in exchange for a portion of the Processing Revenue as provided herein.

4.3 Buyer may sell the Scrubber Sludge and Slag in an unprocessed or processed form subject to Seller's prior approval.

4.4 The Processing Revenue shall be distributed by Seller as follows:

(a) So long as there remains a balance due on the Smelter Purchase Price, the Processing Revenue shall be distributed by the Seller as follows: (i) 5% to Trustee to be held by Trustee pursuant to Section 5.2 below; (ii) 25% to Buyer; (iii) 35% to Seller to be applied to the Smelter Purchase Price; and (iv) 35% to Commerce Bank, N.A. to satisfy its lien against the Slag, which amount shall be applied to the Smelter Purchase Price. Notwithstanding the foregoing, Buyer shall pay to Seller any remaining balance on the Smelter Purchase Price, including any amounts due to Commerce Bank, as of the fifth anniversary of the Court Approval.

(b) Following payment in full of the Smelter Purchase Price, so long as there remains a balance due on the NPR Purchase Price, the Processing Revenue shall be distributed by the Seller as follows: (i) 5% to Trustee to be held by Trustee pursuant to Section 5.2 below; (ii) 25% to Buyer; (iii) 20% to Seller to be applied to the NPR Purchase Price; and (iv) 50% to Seller, which amount shall not be applied to the NPR Purchase Price. Notwithstanding the foregoing, Buyer shall pay to Seller any remaining balance on the NPR Purchase Price as of the sixth anniversary of the Court Approval.

(c) At such time as the Smelter Purchase Price and the NPR Purchase Price have been paid in full, the Processing Revenue shall be distributed by the Seller as follows: (i) 50% to Buyer; and (ii) 50% to Seller.

4.5 Notwithstanding anything herein to the contrary, all processing shall be completed as of the seventh anniversary of the Court Approval.

4.6 Any alterations, additions or further improvements to the Smelter Site, including the Processing Facility, shall be the exclusive property of the Seller, shall be approved in advance by Seller and shall be made upon the following conditions:

(a) Buyer shall protect, indemnify, hold harmless and defend Seller and the Smelter Site from and against any and all claims, damages, liabilities, costs and expenses, including attorney's fees, imposed upon, incurred by or asserted against Seller by reason of any accident, injury to or death of persons, or loss of or damage to property occurring on or about the Smelter Site in the

process of, or in connection with, such construction. The foregoing indemnity shall specifically apply to those claims asserting negligence on the part of Seller.

(b) Buyer shall pay all costs for construction done or caused to be done by Buyer on the Smelter Site, and shall protect, indemnify, hold harmless and defend Seller and the Smelter Site from and against (i) any and all claims, damages, liabilities, costs and expenses, including attorney's fees, imposed upon, incurred by or asserted against Seller with respect to such costs and (ii) all mechanic's liens, materialman's liens and laborer's liens arising from such construction and all attorney's fees and expenses which may be incurred by Seller in connection with the removal of such liens.

(c) Buyer shall require Buyer's contractor or contractors to furnish a performance and payment bond or bonds covering the faithful performance and completion of all construction work on the Smelter Site and the payment of all obligations arising in connection therewith. Such bond or bonds shall be in such form and written by such insurance companies as are acceptable to Seller in Seller's sole discretion, and shall name Seller and Buyer as co-obligees thereunder. Buyer shall furnish Seller with such bond or bonds prior to the commencement of any construction on the Smelter Site. In addition, Buyer shall require Buyer's contractor or contractors to pay any subcontractors or suppliers only in exchange for valid lien waivers.

(d) Buyer or Buyer's contractors shall perform such construction work in a good and workmanlike manner in accordance with the Work Plans.

(e) Buyer or Buyer's contractors shall complete all construction within a reasonable time after Seller gives its consent to same.

(f) Buyer shall ensure that the construction and operation of the Processing Facility shall meet all Legal Requirements and Insurance Requirements.

(g) At all times during construction of the Processing Facility, Buyer or Buyer's contractors shall keep all portions of the Smelter Site free from dust, loose dirt, debris and equipment as is reasonable.

SECTION 5. ENVIRONMENTAL ISSUES

5.1 Buyer shall, in cooperation with Seller, develop and carry out work plans to govern the clean-up of the Smelter Site, construction of the Processing Facility and processing of the Slag, addressing environmental, health and safety, and transportation issues related thereto, to include without limitation, each of the following components; (i) Health and Safety Plan, (ii) Confined Space Plan, (iii) Industrial Hygiene Plan, (iv) Air Monitoring Plan (v) Waste Management Plan, and (vi) Contingency Plan and Emergency Procedures, as required by any Regulatory Agency (collectively the "Work Plans"). The Work Plans shall comply with the Seal Order, the Interim Order and shall meet all regulatory requirements of all Regulatory Agencies. The Work Plans shall be approved by

all appropriate Regulatory Agencies, if required by such Regulatory Agency, prior to the sale of any Assets or processing of any Slag and Scrubber Sludge from the Smelter Site.

5.2 Any amounts directed to be held by Trustee pursuant to Sections 4.4(a)(i) and 4.4(b)(i) hereof, shall be held by Trustee in an interest bearing account for the benefit of Seller and Buyer ("Escrowed Funds"); provided, however, in no event shall the aggregate amount of the Escrowed Funds exceed \$10,000,000.00. Any costs and expenses associated with any remediation issues raised by any Regulatory Agency during the term hereof shall be paid from the Escrowed Funds. At such time as the EPA has issued all appropriate "no further remediation" letters and said letters have been received by Seller, any remaining Escrowed Funds shall be paid to equally to Buyer and Seller.

SECTION 6. PARTIES' RESPONSIBILITIES

6.1 Seller, shall, at all times during the term of this Agreement, take all commercially reasonable steps to:

(a) Grant access to the parties and the parties' representatives and agents to the parts of the Smelter Site and NPR Property which are necessary for the efficient operation of the Processing Facility;

(b) Support the reasonable actions of Buyer to realize the goals of this Agreement on behalf of, and to the mutual benefit of, both parties;

(c) Advise Buyer in a timely fashion about the reasonable or legally required steps Seller must take to ensure the safe and secure operation of the Processing Facility and to meet other requirements of any Regulatory Agency;

(d) Provide management, purchasing, sales, personnel, maintenance or any other support as required for the safe and efficient operation of the Processing Facility;

(e) Collect all Scrap Revenue, Processing Revenue, and any other revenue generated hereunder in a timely fashion;

(f) To the extent funds are available, make monthly distributions of all Scrap Revenue, Processing Revenue, and any other revenue generated hereunder in accordance with the terms hereof, provided, that Seller may maintain a minimum amount of Scrap Revenue or Processing Revenue to meet the on-going Operating Expenses of the Processing Facility as determined from time to time by Seller;

(g) Maintain complete and accurate books, records and accounts of all transactions relating to the sales of and revenues from all the Scrap Assets, Recovered Materials, Scrubber Sludge and Slag, all of which shall be open for inspection and audit by the parties.

6.2 Buyer, on its own behalf and on behalf of all its representative and agents, shall, at all times during the term of this Agreement, take all commercially reasonable steps to:

(a) Maintain that portion of the Smelter Site required to maintain the Processing Facility as a safe and secure workplace;

(b) Raise the required financing to fund the construction and maintenance of the Processing Facility;

(c) Design, purchase and construct the Processing Facility, and ensure the Processing Facility is implemented in an efficient manner and in accordance with programs and budgets approved by the parties, including the Work Plans;

(d) Evaluate the start up, operation and maintenance of the Processing Facility and make recommendations to Seller regarding the on-going operations to ensure that each the Processing Facility produces the highest and best end product value;

(e) Provide information related to Operating Expenses along with supporting documentation to Seller in a timely manner;

(f) Provide/employ a full-time representative ("Buyer Representative") to be present at the Smelter Site during all reasonable hours of operation with all reasonable costs of the Buyer Representative to be borne by Buyer and not considered Operating Expenses;

(g) Provide regulatory compliance for the Processing Facility with all applicable Regulatory Agency;

(h) To the extent that revenue from operations is insufficient to cover Operating Expenses, finance all Operating Expenses for the first six (6) months of operation of the processing hereunder;

(i) Not exceed any approved budget by more than ten percent (10%) without the prior consent of Seller, except in relation to an emergency expenditure;

(j) Provide recommendations regarding management, purchasing, sales, personnel, maintenance and other support as required for the safe and efficient operation of the Processing Facility, as may be requested by Seller;

(k) Make recommendations regarding regulatory compliance for the Processing Facility and maintenance of the Smelter Site required for the Processing Facility as a safe and secure workplace.

**SECTION 7.
FURTHER COVENANTS AND RESPONSIBILITIES**

7.1 Subject to the approval of Seller, Buyer shall, at all times during the term of this Agreement, take all commercially reasonable steps to:

(a) Manage all the day-to-day operations of the Processing Facility which shall include managing and supervising all personnel and all approved programs and budgets;

(b) Manage the on-going operations of the Processing Facility to ensure that it produces the highest and best end product value;

(c) Carry out all activities required hereunder in accordance with good industry practice, with reasonable care, skill and diligence and in accordance with all applicable laws and regulations;

(d) Maintain complete and accurate books, records and accounts of all transactions relating to the operations of the Processing Facility, which shall be open for inspection and audit by the parties.

(e) Establish a minimum amount of retained earnings to be held by Seller to meet the on-going Operating Expenses associated with the Processing Facility.

7.2 Seller and Buyer Representative shall meet and/or communicate with each other as often as necessary, to review and approve the daily operations of the Processing Facility and allocation of Operating Expenses.

7.3 As often as necessary, but in no event less often than once a calendar quarter, Seller and Buyer shall meet to review and approve the nature and content of the programs and budgets related the Processing Facility.

7.4 The Buyer Representative serves at the pleasure of Buyer and may be removed or replaced by Buyer as determined in Buyer's sole discretion; provided notice of the removal or replacement of the Buyer Representative by Buyer shall be made in writing to the Seller; provided, further, any concerns with the performance of the Buyer Representative by the Seller shall be promptly reported to Buyer. Buyer and the Seller will work together to resolve such concerns to the mutual benefit of both parties.

**SECTION 8.
FURTHER OBLIGATIONS OF THE PARTIES**

8.1 Bankruptcy Court Approval. Within ten (10) days of the receipt of the Deposit and Financial Information satisfactory to Seller, in Seller's sole discretion, Trustee shall submit to the Bankruptcy Court a Notice of Intent to Sell requesting the approval of the Bankruptcy Court for the sale of the Assets to Buyer pursuant to the terms herein contained. Upon receipt of The Bankruptcy Court order approving this Agreement which is final and now applicable, ("Court Approval"),

Trustee shall provide notice of the Court Approval to Buyer. The consummation of the transaction contemplated herein is expressly subject to receipt of the Court Approval.

8.2 Authorizing Action. At the time of execution of this Agreement by Buyer, Buyer shall deliver to Seller a copy of resolutions duly passed by the shareholders, officers, directors, members and managers, if any, of Buyer authorizing the execution, delivery and performance by Buyer of this Agreement and any other agreements or instruments referred to herein or required in connection herewith.

8.3 Access to Information: Confidentiality. Seller shall give Buyer and its authorized representatives reasonable access to the books, records, offices and properties related to the Assets and permit Buyer to make such inspections thereof as Buyer may reasonably request. Buyer acknowledges that certain of the information which may be made available to it is proprietary and includes confidential information. Buyer shall hold all such information in confidence and shall not disclose it to any person without the approval of Seller; provided, however, that the foregoing restriction shall not apply to any information which is or becomes publicly known or which is lawfully obtained from a third party, or to any disclosure required by law or in connection with the enforcement of Buyer's rights under this Agreement. If the transactions contemplated hereby are not consummated, Buyer shall return to Seller all documents containing proprietary information and continue to hold such information in confidence.

8.4 Best Efforts. Each party hereto shall use best efforts to cause to occur the transactions contemplated hereby and to cause all conditions to the performance of the parties hereto that are within its control to be satisfied. Each party agrees to cooperate fully to manage the operations of and the maintenance of the Processing Facility in a professional manner, in compliance with all Regulatory Agencies and in a manner that maximizes the economic returns to both parties.

8.5 Use of Office Space. Until the Smelter Transfer Date, Seller shall provide Buyer with the use of an office and a locker room with restroom and showers for Buyer's personnel upon the Smelter Site. Buyer shall pay for any additional expenses, e.g., towels, soap, uniforms, and office supplies required by Buyer or its personnel. Buyer shall also be responsible for any improvements to the buildings on the Smelter Site subject to Section 4.6 above.

8.6 Equipment Lease. Buyer shall lease from Seller the Equipment, except for such Equipment that the parties agree to scrap and sell. As consideration for the lease of the Equipment, Buyer shall pay to Seller the sum of Five Hundred Dollars (\$500.00) per month or part thereof. Upon payment in full of the Smelter Purchase Price and the NPR Purchase Price and the sale of all Slag and Scrubber Sludge and so long as Buyer is not in default under the terms hereof, Buyer may at Buyer's option, purchase the Equipment for a single payment of One Dollar (\$1.00).

SECTION 9.
REPRESENTATIONS AND WARRANTIES REGARDING SELLER

Seller represents and warrants to Buyer as of the date of this Agreement and during the term hereof:

9.1 Organization and Good Standing. Seller is the debtor in a Chapter 7 bankruptcy proceeding filed in the United States Bankruptcy Court for the Southern District of Illinois, Case Number 01-34066.

9.2 Power and Authorization. This sale is made pursuant to Section 363 of the Bankruptcy Code, 11 U.S.C. 363. Upon receipt of the Court Approval, the Trustee will be authorized pursuant to Section 363 of the United States Bankruptcy Code to sell the Assets and sign all necessary documents on behalf of the Seller to accomplish said sale.

9.3 Performance of Covenants. Seller shall have performed or complied in all material respects with all of the agreements, covenants and conditions required by this Agreement to be performed or complied with by Seller.

9.4 Approvals. The Court Approval and approval of all applicable Regulatory Agencies necessary for the consummation of the transactions contemplated hereby shall have been obtained.

9.5 Legal Matters. The transfer shall not violate any order or decree of any court or governmental body of competent jurisdiction. No suit, action, proceeding or investigation, or legal or administrative proceeding shall have been brought or threatened by any person (other than the Buyer or an affiliate of Buyer) that questions the validity or legality of this Agreement or the transactions contemplated hereby.

SECTION 10.
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the date of this Agreement and during the terms hereof:

10.1 Organization and Good Standing. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California, and has all necessary power and authority to carry on its business as presently conducted, to own and lease the assets which it owns and leases and to perform all its obligations under each agreement and instrument by which it is bound.

10.2 Power and Authorization. Buyer has full legal right, power and authority to enter into and perform its obligations under this Agreement and under any other agreements and documents required to be delivered by Buyer hereunder. The execution, delivery and performance by Buyer of this Agreement and the Transaction Documents have been duly authorized by all necessary action. This Agreement has been duly and validly executed and delivered by Buyer and constitutes Buyer's

legal, valid and binding obligation, enforceable against Buyer in accordance with the terms herein. When executed and delivered as contemplated herein, each of the Transaction Documents shall constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with the terms therein.

10.3 Performance of Covenants. Buyer shall have performed or complied in all material respects with all of the agreements, covenants and conditions required by this Agreement to be performed or complied with by Buyer.

10.4 Approvals. The Court Approval and approval of such other appropriate governmental agencies necessary for the consummation of the transactions contemplated hereby shall have been obtained.

10.5 Legal Matters. The transfer shall not violate any order or decree of any court or governmental body of competent jurisdiction. No suit, action, proceeding or investigation, or legal or administrative proceeding shall have been brought or threatened by any person (other than the Seller or an affiliate of Seller) that questions the validity or legality of this Agreement or the transactions contemplated hereby.

10.6 Interim Order; Seal Order. Buyer has received, reviewed and agrees to be bound by the terms of the Interim Order and the Seal Order.

10.7 Financial Information. The Financial Information provided by Buyer is true, complete and correct in all respects.

10.8 AS IS, WHERE IS. BUYER ACKNOWLEDGES AND AGREES THAT THE ASSETS ARE BEING SOLD "AS IS, WHERE IS" AND "WITH ALL FAULTS", THAT SELLER HAS NOT MADE AND SHALL NOT BE DEEMED TO HAVE MADE ANY ORAL OR WRITTEN REPRESENTATION OR WARRANTY CONCERNING ANY MATTER RELATING TO THE ASSETS SOLD AND CONVEYED TO BUYER HEREUNDER.

SECTION 11. TRANSFER DATE/CLOSING COSTS

11.1 Time and Place of Transfer

(a) Title to the Smelter Site will remain with Seller until the Smelter Transfer Date. Upon payment in full of the Smelter Purchase Price, Trustee shall execute a trustee's deed transferring title to the Smelter Site to Buyer, which deed shall be held in escrow by Trustee until the all the Scrubber Sludge and Slag (whether processed or unprocessed) has been sold. Upon completion of the final sale of the Scrubber Sludge and Slag the trustee's deed shall be delivered to Buyer.

(b) Title to the NPR Property will remain with Seller until the NPR Transfer Date. Upon payment in full of the NPR Purchase Price, Trustee shall execute and deliver to Buyer a trustee's deed transferring title to the NPR Property to Buyer.

11.2 Title/Real Estate Taxes.

(a) Seller shall, within fifteen (15) days of Court Approval, furnish Buyer with a commitment for title insurance prepared by Chicago Title Insurance Company, showing fee simple, marketable title in the Smelter Site vested in Seller. To the extent Buyer desires to obtain a title policy for the Smelter Site as of the Smelter Transfer Date, Buyer shall be responsible for all costs associated with said policy. Seller and Buyer shall prorate real estate taxes on the Smelter Site as of the Smelter Transfer Date.

(b) Seller shall, within fifteen (15) days of Court Approval, furnish Buyer with a commitment for title insurance prepared by Chicago Title Insurance Company, showing fee simple, marketable title in the NPR Property vested in Seller. To the extent Buyer desires to obtain a title policy for the NPR Property as of the NPR Transfer Date, Buyer shall be responsible for all costs associated with said policy. Seller and Buyer shall prorate real estate taxes on the NPR Property as of the NPR Transfer Date.

11.3 Expenses of Seller. Seller shall pay the following expenses related to the transfer of the Smelter Site and the NPR Property:

(a) The cost of the title commitment provided by Seller to Buyer with respect to the Smelter Site and the NPR Property; and

(b) All other expenses incurred by Seller in the course of performing its obligations under Section 11.

11.4 Expenses of Buyer. Buyer shall pay the following expenses related to the transfer of the Smelter Site and the NPR Property:

(a) All real estate transfer fees and transfer taxes;

(b) The fees for filing and recording the deeds;

(c) The costs of any title policy or lenders policy ordered by or on behalf of Buyer with respect to the Smelter Site and the NPR Property; and

(d) All other expenses incurred by Buyer in the course of performing its obligations under Section 11.

**SECTION 12.
TERMINATION AND ABANDONMENT**

12.1 Termination. This Agreement may be terminated and the transactions contemplated herein may be abandoned at any time as follows:

(a) by the Bankruptcy Court or such court having jurisdiction over the Seller's bankruptcy estate;

(b) by the Seller due to Buyer's failure to satisfy the provisions of 2.1(b);

(c) by mutual consent of the parties hereto;

(d) by Seller, if (i) any representation or warranty of Buyer made in or pursuant to this Agreement is untrue or incorrect in any respect, (ii) Buyer breaches the covenants or other terms of this Agreement or (iii) Buyer fails to pay the Smelter Purchase Price in full by the fifth anniversary of the Court Approval or the NPR Purchase Price by the sixth anniversary of the Court Approval.

12.2 Procedure for Termination. A party terminating this Agreement pursuant to Section 12.1 shall give written notice thereof to the other party hereto, and the Deposit shall be applied as provided in Section 12.3, whereupon this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by any party.

12.3 Application of Deposit, Smelter Purchase Price and NPR Purchase Price.

(a) Seller shall return the Deposit to Buyer if this Agreement is terminated prior to Court Approval by mutual consent of Buyer and Seller or if the Bankruptcy Court does not approve the Agreement. Notwithstanding the foregoing, in the event the Bankruptcy Court does not approve the Agreement as a result of any action or omission by Buyer, then the Deposit shall be retained by the Seller.

(b) Seller shall retain the Deposit in all other cases where this Agreement is terminated under Section 12.1.

(c) In the event that this Agreement is terminated after Court Approval but prior to the Smelter Transfer Date or the NPR Transfer Date, any and all portions of the Smelter Purchase Price and the NPR Purchase Price paid by Buyer or deemed to have been paid by Buyer shall be retained by Seller.

12.4 Processing Facility. At any time the Agreement is terminated, the Processing Facility and any other improvements on the Smelter Site or NPR Property shall be the sole property of Seller; provided, however, the extent Buyer desires to purchase the Processing Facility, Buyer may elect to do so. The purchase price of the Processing Facility shall be one-half of the construction costs of the Processing Facility treated as Operating Expenses hereunder.

12.5 Limitation on Termination. In the event the Buyer fails to close in violation of this Agreement, the Buyer shall be liable to the Seller for any and all damages, expenses and losses sustained by the Seller as a direct or indirect consequence of the Buyer's breach. Notwithstanding anything contrary in this Agreement, in the event the Seller is unable, for any reason, to consummate the sale to the Buyer or to execute and deliver any and all closing documents, the Seller's sole liability to the Buyer shall be limited to the return of the Buyer's Deposit.

SECTION 13. MISCELLANEOUS

13.1 Acknowledgment. The parties acknowledge that this sale is undertaken pursuant to Section 363 of the Bankruptcy Code, 11 U.S.C. 363.

13.2 Survival of Representations and Warranties. The representations and warranties made by the parties in this Agreement and in the certificates, documents and schedules delivered pursuant hereto shall survive the consummation of the transactions herein contemplated for a period of two (2) years following the latter of the Smelter Transfer Date and the NPR Transfer Date.

13.3 Costs and Expenses. Except as otherwise expressly provided herein, each party shall bear its own expenses in connection herewith, including without limitation, any and all legal and accounting fees, transfer, sales, use, documentary and similar taxes, and recording and filing fees, incurred in connection with the transactions contemplated herein.

13.4 Public Announcements. Neither Seller nor Buyer shall make any public announcement or disclosure relating to the transactions contemplated herein without the prior agreement of each other party hereto, provided that each party shall use best efforts to consult with the other in advance of any disclosure required by law, but the agreement of the other parties hereto shall not be required.

13.5 Notices. All notices or other communications permitted or required under this Agreement shall be in writing and shall be sufficiently given if and when hand delivered to the persons set forth below or if sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by facsimile receipt acknowledged, addressed as set forth below or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. Any such notice or communication shall be deemed to have been given as of the date received, in the case of personal delivery, or on the date shown on the receipt or confirmation therefor in all other cases.

To Buyer:

Industrial Asset Disposition, LLC
c/o Gabriel G. Green
Reeder Lu Green, LLP
2121 Avenue of the Stars, Suite 950
Los Angeles, CA 90067

With a copy to:

Gabriel G. Green
Reeder Lu Green, LLP
2121 Avenue of the Stars, Suite 950
Los Angeles, CA 90067

To Seller:

The Bankruptcy Estate of Chemetco, Inc.
c/o Laura K. Grandy, Trustee
3574 Chemetco Lane
Hartford, Illinois 62048

With a copy to:

Laura Grandy
Mathis, Marifian, Richter & Grandy, Ltd.
23 Public Square
Suite 300
Belleville, IL 62220

13.6 Assignment and Benefit.

(a) Neither Seller nor Buyer shall assign this Agreement or any rights hereunder, or delegate any obligations hereunder, without prior written consent of the other party. Subject to the foregoing, this Agreement and the rights and obligations set forth herein shall inure to the benefit of, and be binding upon, the parties hereto, and each of their respective permitted successors, heirs and assigns.

(b) This Agreement shall not be construed as giving any person, other than the parties hereto and their permitted successors, heirs and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any of the provisions herein contained, this Agreement and all provisions and conditions hereof being intended to be, and being, for the sole and exclusive benefit of such parties, and permitted successors, heirs and assigns and for the benefit of no other person or entity.

13.7 Bankruptcy Court. All disputes arising out of or relating to this Agreement or any related documents which cannot be settled by the parties shall promptly be submitted to and determined by the Bankruptcy Court having jurisdiction over this transaction.

13.8 Amendment, Modification and Waiver. The parties may amend or modify this Agreement in any respect with approval of the Bankruptcy Court. Any such amendment, modification, extension or waiver shall be in writing. The waiver by a party of any breach of any

provision of this Agreement shall not constitute or operate as a waiver of any other breach of such provision or of any other provision hereof, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

13.9 Governing Law. This Agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of Illinois (and United States federal law, to the extent applicable), irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law.

13.10 Section Headings and Defined Terms. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement. The terms defined herein and in any agreement executed in connection herewith include the plural as well as the singular and the singular as well as the plural, and the use of masculine pronouns shall include the feminine and neuter. Except as otherwise indicated, all agreements defined herein refer to the same as from time to time amended or supplemented or the terms thereof waived or modified in accordance herewith and therewith.

13.11 Severability. The invalidity or unenforceability of any particular provision, or part of any provision, of this Agreement shall not affect the other provisions or parts hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted.

13.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original; and any person may become a party hereto by executing a counterpart hereof, but all of such counterparts together shall be deemed to be one and the same instrument.

13.13 Entire Agreement. This Agreement, and the agreements, exhibits, schedules and certificates referred to herein or delivered pursuant hereto, constitute the entire agreement between the parties hereto with respect to the purchase and sale of the Assets and supersede all prior agreements and understandings. The submission of a draft of this Agreement or portions or summaries thereof does not constitute an offer to purchase or sell the Assets, it being understood and agreed that neither Buyer nor Seller shall be legally obligated with respect to such a purchase or sale or to any other terms or conditions set forth in such draft or portion or summary unless and until this Agreement has been duly executed and delivered by all parties.

13.14 Trustee. It is hereby acknowledged and agreed that any provision herein applicable to the Trustee shall apply to the Trustee, not individually but solely in her representative capacity as Trustee of the Bankruptcy Estate of Chemetco, Inc.

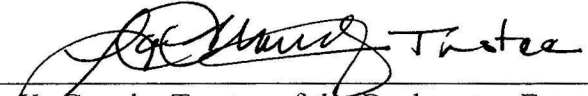
13.15 Interpretation. This Agreement shall be construed as jointly drafted by the parties and according to their fair intent of the language as a whole and not for or against any one party.

[signature page to follow]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement, under seal, all as of the date first above written.

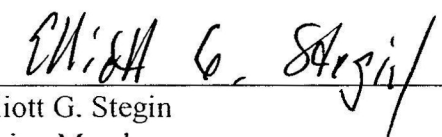
SELLER:

CHEMETCO, INC.

By: 
Laura K. Grandy, Trustee of the Bankruptcy Estate,
Case No. 01-34066, duly authorized

BUYER:

INDUSTRIAL ASSET DISPOSITION, LLC

By: 
Name: Elliott G. Stegin
Its: Managing Member

Schedule 1.1
Legal Description

Smelter Site: Title commitment to govern.

NPR Property: Title commitment to govern.

Schedule 1.2
Excluded Assets

- i. all Scrubber Sludge and Slag located on the Smelter Site, consisting of approximately thirty thousand (30,000) to fifty thousand (50,000) tons of Scrubber Sludge and approximately nine hundred thousand (900,000) tons of Slag, various and sundry feed stocks, "in-process" materials (i.e. materials contained within or around the existing processing equipment) and sediments and dusts associated with environmental clean-ups; and
- ii. Cupro, pot slag and furnace dust; and
- iii. The Furnaces to be sold to a third party by separate contract ("Furnace Purchaser"); provided, however; in the event the Furnace Purchaser fails to purchase the Furnaces, Buyer is hereby granted an option to purchase the Furnaces from Seller upon at least the same terms as Furnace Purchaser; and
- iv. Books and records (and filing cabinets containing same) of Seller located throughout the site and computer systems, including the Wang computer system and AS computer system, and office equipment related to said records.

Schedule 8.6
Leased Equipment

See attached.

Schedule 8.6

Building	Sq. Ft.	Original Built	Original Cost	Equipment in Building
Main Office Building	9,600 sq. ft	1970	\$276,934.00	Office furniture consisting of desks, file cabinets, conference tables, chairs, credenza, computers, refrigerators shelf units 3 - locker rooms w/lockers security cameras & alarm system telephone system (for offices and thru out plant)
		Addition 1975	\$133,560.00	
		Addition 1986	\$113,869.00	
		Total original cost \$524,363.00		
Plant Office Building	4,600 sq. ft.	1987	\$328,568.00	Office furniture consisting of desks, file cabinets, conference tables, chairs, copier, fax machine printers, computers, safe, engineer tables, blue print files refrigerator
Truck Scale		Last repaired 2007	\$5,000.00	
Scale Office	195 sq. ft		\$3,500.00	
Receiving Building & Lab	5,400 sq. ft	1974 Morgan building	\$276,044.00 \$1,800.00	spectrometer
Mobile Shop Building	4,400 sq. ft	1995	\$102,000.00	Equipment consisting of Air compressor Lubrication system Shelving Tool Crib Diesel fuel tanks gas tank used oil tank portable diesel fuel tank welders

Schedule 8.6

				pressure washer gas heaters cutting torch cutting torch and cart portable scale
Storeroom Building	5,000 sq. ft	1973	\$112,000.00	Shelving & subflooring
Brick Shop Building	3,600 sq. ft	1995	\$164,593.00	Alarm system
Maintenance/Zinc Building	59,000 sq. ft	1972	\$2,000,000.00	Equipment consisting of 2 zinc presses 2 supersac loaders 1-10 ton Crane Mfg. S/N 623 1-10 ton Crane Mfg. S/N 624 60 gallon air compressor 863 bobcat Hyundai 290 Excavator Cat 966F Wheel loader Hyster 50 forklift Clark forklift Tennant sweeper
Mobile Equipment				
Shower trailer w/lockers				
Norweco septic system				2 systems
Yard Scale				

**EXHIBIT A
DEFINITIONS**

As used in the Asset Purchase and Processing Agreement the following terms shall have the following meanings unless the context otherwise requires:

Agreement” shall have the meaning ascribed to such term in the Background paragraphs.

Assets” shall have the meaning ascribed to such term in Section 1.1(b).

Bankruptcy Court” shall have the meaning ascribed to such term in the Background paragraphs.

Buyer Representative” shall have the meaning ascribed to such term in Section 6.2(f).

Buyer” shall have the meaning ascribed to such term in the Background paragraphs.

Code” shall mean the Internal Revenue Code of 1986, as amended.

Court Approval” shall have the meaning ascribed to such term in Section 8.1.

Deposit” shall have the meaning ascribed to such term in Section 2.1(a).

Equipment” shall mean that certain machinery and equipment owned by Seller, physically located on the Smelter Site, and described on Schedule 8.6.

Escrowed Funds” shall have the meaning ascribed to such term in Section 5.2.

Excluded Assets” shall mean all other assets of Seller not otherwise identified herein as an Asset, including, specifically, but without limitation, those assets on Schedule 1.2.

Financial Information” shall have the meaning ascribed to such term in Section 2.1(b).

Furnace Purchaser” shall have the meaning ascribed to such term in Schedule 1.2.

Furnaces” shall mean three (3) Metallo-70 ton gas top blown rotary converters (TBRC’s), including the tilt gear boxes, the support rings, the connection rings, the Rothe Erde bearings, the tilt bearings, the Rollstar tilt gear boxes, the pedestals, and the Montan oil feed associated with each TBRC, an additional spare part connection ring and any scrap steel cut therefrom.

GAAP” shall mean Generally Accepted Accounting Principles.

Insurance Requirements” shall mean the provisions of any insurance policy covering or applicable to the Assets, including the Smelter Site and the NPR Property, and the Processing Facility, or any part thereof, and all requirements of the issuer of any such policy.

“Interim Order” shall mean that certain order entered into between the Trustee, the Illinois Environmental Protection Agency, the State of Illinois, the United States Environmental Protection Agency and the United States of America in the Federal District Court of Southern Illinois, Case Nos. 00-670-DRH and 00-677-DRH (consolidated) CJRA Track C on September 16, 2008, a copy of which is attached hereto as Exhibit B.

“Legal Requirements” shall mean (i) the provisions of this Asset Purchase and Processing Agreement and all other agreements entered into by Buyer with respect to the Assets and (ii) any law, statute, code, act, zoning requirement, ordinance, order, rule, regulation or other requirement of any governmental authority having jurisdiction, which now or at any time may be applicable to the Assets, including the Smelter Site and the NPR Property.

“NPR Property” shall have the meaning ascribed to such term in Section 1.1(a)(iii).

“NPR Purchase Price” shall have the meaning ascribed to such term in Section 2.2(c).

“NPR Transfer Date” shall mean the date upon which title to the NPR Property shall pass from Seller to Buyer, which date shall be the date the NPR Purchase Price has been paid in full.

“Operating Expenses” shall mean operating expenses incurred by Seller and Buyer from and after Court Approval that are directly related to (i) demolition, removal and sale of Scrap Assets; (ii) the operation and maintenance of the Processing Facility; (iii) the processing of the Scrubber Sludge and Slag, including, but not limited to loading, hauling, conveying, crushing, screening, grinding, physical separation, chemical separation, solid-liquid separation, power, consumables (reagents), drying and packaging and all other expenses, including waste disposal costs, as determined under GAAP; (iv) Smelter Site costs, including without limitation, real estate taxes, insurance coverage, maintenance and upkeep; (v) personnel and administration costs, including trustee’s fees and any applicable tax excluding income tax; (vi) the marketing and selling of the Recovered Materials, including, but not limited to shipping, insurance, and all other selling expenses as determined under GAAP; (vii) environmental compliance costs; (viii) health and safety costs; and (ix) mutually agreed upon charges by the parties from time to time. The capital costs associated with the locating, construction and installation of the Processing Facility shall be considered an Operating Expense, but shall be amortized and reimbursed by the Seller to the Buyer from the Processing Revenue over a reasonable period of time agreed to by Buyer and Seller.

“Processing Facility” shall have the meaning ascribed to such term in Section 4.2.

“Processing Revenue” shall be the gross revenue from the sale of the Scrubber Sludge, Recovered Materials (hereinafter defined) and Slag (to the extent such Slag has not been processed) net of the Operating Expenses.

“Recovered Materials” shall have the meaning ascribed to such term in Section 4.2.

“Regulatory Agency” or “Regulatory Agencies” shall mean any one or all applicable governmental agencies, including without limitation the United States Environmental Protection Agency, the Illinois Environmental Protection Agency and the Occupational Safety and Health Administration.

“Scrap Assets” shall have the meaning ascribed to such term in Section 1.1(a)(i).

“Scrap Purchase Price” shall have the meaning ascribed to such term in Section 2.2(a).

“Scrap Revenue” shall be the gross revenue from the sale of the Scrap Assets net of the Operating Expenses.

“Scrubber Sludge” shall mean, in general, material recovered from the dust collection system operated in conjunction with the Seller’s former copper processing plant.

“Seal Order” shall mean that certain Seal Order pursuant to Section 34 of the Illinois Environmental Protection Act filed with the Court on December 8, 2001, a copy of which is attached hereto as part of the Interim Order (Exhibit B).

“Seller” shall have the meaning ascribed to such term in the Background paragraphs.

“Slag” shall mean, in general, material recovered from the copper processing plant as a liquid, transported outside the processing buildings and placed in appropriate stockpiles where it has cooled, by air or water, and solidified.

“Smelter Purchase Price” shall have the meaning ascribed to such term in the Background Paragraph 2.2(b).

“Smelter Site” shall have the meaning ascribed to such term in Section 1.1(a)(ii).

“Smelter Transfer Date” shall mean the date upon which title to the Smelter Site shall pass from Seller to Buyer, which date shall be the later of (i) the date the Smelter Purchase Price has been paid in full and (ii) the date that all the Scrubber Sludge and Slag (whether processed or unprocessed) has been sold.

“Trustee” shall have the meaning ascribed to such term in the Background paragraphs.

“Work Plans” shall have the meaning ascribed to such term in Section 5.1